

**MINUTES OF THE  
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

For the meeting held on

Wednesday, March 21, 2007 – 1:30 p.m.  
1001 I Street Second Floor  
Sierra Hearing Room  
Sacramento, California 95814

Chairman Edward G. Heidig called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:35 p.m.

**1. Call To Order and Roll Call.**

Edward Heidig represented the Secretary of the Business, Transportation and Housing Agency. Francisco Lujano represented the State Treasurer.

Evelyn Matteucci, represented the Secretary of the State and Consumer Services Agency.

Vince Brown represented the Director of the Department of Finance.

D. Everett Rice, Governor's appointee, was present and arrived during the Executive Director's report.

The following staff members were in attendance: Stan Hazelroth, Roma Cristia-Plant, Barbara Lewis, Diane Cummings and Shelly Renner.

**2. Executive Director's Report.**

Executive Director Stan Hazelroth called the Board's attention to a map and listing of bond-financed projects that had been provided to them, showing the diversity of the location of the projects throughout California for approximately the last ten years. This detail was provided in response to Secretary Marin's request at the February 27, 2007, meeting to see a listing of bonds issued by the I-Bank and to be informed of current bond marketing outreach efforts. Mr. Hazelroth indicated that the I-Bank met with CalHFA marketing staff to learn more about their outreach efforts and will continue to work with them in determining how best to focus on marketing to potential I-Bank customers.

**3. Annual review of the Investment Policy**

Mr. Hazelroth informed the Board that last year the Infrastructure Bank's Investment Policy was adopted and contained a requirement for an annual review of the policy by the Board. He asked the Board members to review the policy and if the Board desired any changes to the Policy, those changes would be brought for Board consideration at the next meeting. Mr. Brown asked if I-Bank funds could be invested in a separate account outside of the State Money Investment Fund (SMIF), and Ms. Roma Cristia-Plant explained that the I-Bank has investments in accounts outside of the State Treasury with trustees in investments associated with the Infrastructure State

Revolving Fund Program and the State School Fund Apportionment Lease Revenue Bonds pursuant to Government Code Section 16430. After asking for any comments or questions of the Board, Chairman Heidig stated that the policy shall be considered reviewed.

**Consent Items:**

**4. Approve minutes from the meeting held on February 27, 2007.**

Chairman Heidig requested the following clarification to Item 5 of the February 27, 2007, minutes to read, "Chairman Heidig had received a request and proceeded to take the action items in reverse order in order to accommodate schedules." He entertained a motion to approve the consent item as amended. Mr. Brown moved to approve the minutes as amended and Ms. Matteucci seconded the motion. The Board unanimously approved the minutes as amended.

**Action Items:**

**5. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the Los Angeles County Museum of Natural History Foundation, or a related party (Los Angeles and Newhall) for an amount not to exceed \$100,000,000.**

Ms. Barbara Lewis presented a staff report and introduced Mr. Nikolai Sklaroff, Director, Citigroup Corporate and Investment Banking, the underwriter for the project. Chairman Heidig asked for any questions or comments from those present and from the Board; there were none. Chairman Heidig entertained a motion to approve Resolution No. 07-06. Mr. Brown moved to approve the resolution and Ms. Matteucci seconded the motion. The Board unanimously approved the resolution.

**6. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the California Independent System Operator Corporation, or a related party (Folsom and Alhambra) for an amount not to exceed \$60,000,000.**

Ms. Lewis presented a staff report, and introduced Mr. Phil Leiber, Treasurer and Director of Financial Planning, California Independent System Operator (CA ISO), and Mr. P. Scott Nagelson, Principal, Banc of America Securities LLC, the project's underwriter. Ms. Lewis' description of the project included a discussion, among other things, of software that allows the CA ISO to monitor and maintain energy flows, and that the current system has over 600 patches to keep it running. Chairman Heidig asked for any questions or comments from the Board. Mr. Brown inquired if tax-exempt proceeds could be used to purchase software. Ms. Shelly Renner, Staff Counsel, replied she had confirmed with bond counsel that the federal tax code allows such expenditures if the software is unique or specific to the project. Chairman Heidig asked for any questions or comments from those present, there were none. Chairman Heidig entertained a motion to approve Resolution No. 07-07. Ms. Matteucci moved to approve the resolution and Mr. Brown seconded the motion. The Board unanimously approved the resolution.

**7. Adopt resolution approving Infrastructure State Revolving Fund Program financing for the City of San Bernardino Municipal Water Department for an amount not to exceed \$10,000,000**

Ms. Diane Cummings presented a staff report, and introduced Ms. Stacy Aldstadt, General Manager, and Mr. Matt Litchfield, Principal Engineer, both of the City of San Bernardino Municipal Water Department. Chairman Heidig asked for any questions or comments from those present and from the Board; there were none. Chairman Heidig entertained a motion to approve Resolution No. 07-08. Mr. Brown moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

**8. Adopt resolution approving an extension of the contract with Gilbert Associates, Inc. to provide auditing services for an additional two years**

Ms. Cristia-Plant presented a staff report. Chairman Heidig asked for any questions or comments from the Board. Mr. Brown asked whether the I-Bank is subject to GASB (Governmental Accounting Standards Board) or FASB (Financial Accounting Standards Board) accounting rules. Ms. Cristia-Plant replied that the I-Bank is subject to GASB. Mr. Brown then inquired whether there are statutory requirements under GASB to rotate auditors within a certain time period. Ms. Cristia-Plant replied that her understanding is that GASB does not have a specific auditor rotation requirement, and the I-Bank does not have a policy on auditor rotation; however, it is the staff's intention at the end of the Gilbert's fifth audit to conduct a new Request For Qualifications process to select a new accounting firm. Chairman Heidig asked for any questions or comments from those present or from the Board; there were none. Chairman Heidig entertained a motion to approve Resolution No. 07-09. Mr. Brown moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

**Other Business.**

Chairman Heidig called for any other business, there was none.

**Public Comment.**

Chairman Heidig called for any public comment. There was no public comment.

**Adjournment.**

Chairman Heidig adjourned the meeting at approximately 2:05 p.m.